

**CHAPTER 8**  
**FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION**  
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## CHAPTER 8

★June 2002

## FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION

**0801 GENERAL****080101 Purpose**

A. This chapter provides instructions applicable to budget formulation and congressional justification for Facilities Sustainment, Restoration and Modernization.

B. The following appropriations and accounts are covered:

Section

0802

- Operation and Maintenance Appropriations
- Research, Development, Test, and Evaluation Appropriations

**080102 Submission Requirements**

General guidance with regard to submission requirements is presented in Chapter 1 of this volume. Chapter 8 covers specific additional back-up material requirements for the above Facilities Sustainment, Restoration and Modernization accounts.

**080103 Preparation of Material**

General guidance with regard to format and preparation of material is presented in Chapter 1 of this volume. Chapter 8 provides additional specific guidance with regard to the back-up material required for Facilities Sustainment, Restoration and Modernization.

**080104 References**

Chapter 3 of this volume provides guidance related to Operation and Maintenance costs and submission organization and Chapter 5 of this volume provides guidance, submission organization and formats related to Research, Development, Test, and Evaluation appropriations.

**080105 Definition of Sustainment, Restoration and Modernization**

A. *Sustainment means the recurring, day-to-day, periodic or scheduled work required to preserve real property in such condition that it may be used for its designated purpose.*

B. *Restoration means the restoration of real property to such a condition that it may be used for its designated purpose. Restoration includes repair or replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes.*

C. *Modernization means the alteration or replacement of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years (such as the framework or foundation)*

**0802 PROGRAM AND BUDGET REVIEW SUBMISSION****080201 Purpose**

A. This Section prescribes instructions for the preparation and submission of budget estimates for Facilities Sustainment, Restoration and Modernization requirements.

B. *Guidance covers all Operation and Maintenance, RDT&E, Facilities Sustainment, and Restoration and Modernization (SRM) costs. Facilities Sustainment and Restoration and Modernization includes all recurring maintenance and repair projects costs, real property renovation project costs, and planning and design costs associated with projects; providing funding support to maintain and repair buildings, structures, warehouses, roadways, aprons, railway trackage, utility plants, distribution systems, and other real property. O&M funded construction for all components includes funding for the erection, installation, or assembly of new facilities; and for the alteration or conversion of existing facilities, and can cost up to a maximum of \$750,000 per project or up to \$1,500,000 if the project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening. These accounts also do not include operation of utilities, utility charges, annual lease payments, or other support services (such as custodial contracts, snow removal, etc.) included in Base Operations Support. For analysis purposes, SRM expenditures fall into two general categories: (1) sustainment investments provide resources to keep and inventory in good working order and include expenses for all recurring maintenance costs and contracts, as well as major repair of facility components (roof replacement, replace heat and air conditioning) that are expected to occur throughout the life cycle of the facility; and (2) restoration and modernization facility investments include major repair projects to restore facilities damaged by lack of sustainment, excessive age, natural disaster, fire, or accident, and alternation of facilities solely to implement new or higher standard.*

C. Program funding submitted in Component justification materials must reflect the approved funding levels identified in the Facilities Sustainment and the Facilities Restoration and Modernization Program Elements in the current FYDP. *Funding for facilities investment in O&M new footprint construction or demolition of facilities must also be identified in the appropriate Program Elements and separately reported on the budget exhibits.*

D. Examples of special budget exhibits can be found in Section 0806.

**080202 Submission Requirements**

A. General Guidance. All Components (i.e., active forces, defense agencies, national guard and reserve forces) shall submit justification data and exhibits to support budget estimates for Facilities Sustainment, Restoration and Modernization, in a separate bound attachment (see Chapter 3, Section 030201, of this volume). Two copies of this attachment will be delivered to: Directorate for Construction, Program/Budget, OUSD(Comptroller) Room 3D840, Pentagon, on the same date as all other submissions required for O&M Appropriations. Exhibits required include:

- OP-28 Facilities Sustainment, Restoration and Modernization (SRM), and Demolition Summary
- OP-28P Facility Projects, Sustainment, Restoration and Modernization (SRM)  
Projects Costing More than \$ 500,000
- OP-5 Part 2 Attachment 4: Facilities Sustainment, Restoration and Modernization (SRM), and Demolition

B. Military and civilian personnel costs reflected on Exhibit OP-28 will include only those personnel assigned in support of SRM accounts. It will include those personnel performing planning and design functions for both projects and installation SRM surveys and SRM master planning, but will exclude those involved in other base operating services or support services.

C. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

**080203 Preparation of Material**

All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side. All narrative data will be typed across the short dimension of the paper, while exhibits will be typed across the long dimension.

**0803 CONGRESSIONAL JUSTIFICATION/PRESENTATION****080301 General**

Components are required to conform to the PBD approved funding levels when submitting final budget exhibits to Congress.

**080302 Organization of Justification Books**

See chapters covering specific appropriation (Operation and Maintenance - Chapter 3, RDT&E Chapter 5 of this volume). In addition to exhibits cited in section 0802, a PBA-7, Facilities Sustainment, Restoration and Modernization (SRM) and Demolition Programs *exhibit is also required as specified in Chapter 3, subparagraph 030403, of this volume.*

**0804 REVENUE FROM TRANSFER OR DISPOSAL OF DOD REAL PROPERTY AND REVENUE FROM LEASING OUT OF DOD ASSETS****080401 General**

*Section 485(h) of 40 U.S.C. and Section 2667 of 10 U.S.C.* require detailed information on revenues, transfers, and the use of proceeds derived from these authorities as follows:

**080402 Revenue From Transfer or Disposal of DoD Real Property (40 U.S.C. 485(h))**

When revenue from the transfer or disposal of DoD Real property is received, there is a requirement to identify each transfer and disposal made during the fiscal year, including a detailed explanation of each such transfer and disposal and of the use of the proceeds received. An estimate for the current and budget year transfers or disposals should also be included.

**080403 Revenue From Leasing Out of DoD Assets (10 U.S.C. 2667)**

When revenue from leasing out of DoD assets is received, there is a requirement to identify each lease entered into during the fiscal year, including a detailed explanation of each lease and amendments, and of the use of the lease proceeds that were expended. An estimate for the current and budget year leases and revenues should also be included.

**080404 Deposit and Accounting Procedures**

Cash receipts obtained from the transfer or disposal of real property will be deposited into the Disposal of DoD Real Property Account, 97X5188. Cash receipts obtained from leasing out of DoD assets will be deposited into the Lease of DoD Real Property, 97X5189. Accounting instructions are included in Volume 12, Chapter 14, of this regulation.

**080405 Funds Release Procedures**

Funds deposited into the Disposal of DoD Real Property Account, 97X5188, are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities as specified in *40 U.S.C. 485(h)*. *Funds deposited into the Lease of DoD Real Property Account, 97X5189, are available for: A) maintenance, protection, alteration, repair, improvement or restoration (including environmental restoration) of facilities; B) construction or acquisition of new facilities; C) lease of facilities; and/or D) facilities operation Support.* The Components may request release of funding, based on verifiable deposits, by memorandum to the USD Comptroller, Director for Construction.

**080406 Budget Exhibits for Congressional Submission**

To comply with this requirement, a PB-34 exhibit must be completed by each component and included in the O&M Justification Book (Volume II) for both the revenue from the transfer or disposal of DoD real property and for the revenue from leasing out of DoD assets.

**0805 DOD OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT****080501 General**

Section 2921 of P.L. 101-510, FY 1991 National Defense Authorizations Act, established the Department of Defense Overseas Military Facilities Investment Recovery account. The purpose of the account is to collect payments from host nations for the value of new construction and improvements made by the United States at overseas military installations being returned.

**080502 Deposit and Accounting Procedures**

Cash receipts obtained from return of overseas real property and improvements to host nations will be deposited into the DoD Overseas Military Facility Investment Recovery Account, 97X5193. *For accounting instructions see Volume 12, Chapter 13, of this Regulation.*

**080503 Funds Release Procedures**

Funds deposited into the DoD Overseas Military Facility Investment Recovery Account are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities and maintenance and repair and environmental compliance at military facilities outside the U.S. *that are anticipated to be occupied by U.S. Forces for an extended period of time.* The Components may request release of funding, based on verifiable deposits, by memorandum to the USD (Comptroller), Director for Construction.

**080504 Budget Estimate Submission Exhibit**

Components returning overseas military facilities to host nations that have resulted in collections to this account must complete OP-29. This exhibit provides information on the cost and improvements, depreciation, residual value, and amount collected from the host nation that is necessary in accomplishing an annual report to the Congress. It also documents proposed sustainment, restoration and modernization or environmental restoration/compliance projects at military installations to be financed from the proceeds deposited into this account.

**0806 FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION FORMATS****080601 Purpose**

The special formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.



**080602 Exhibits in Support of Section 0802 - Program and Budget Review Submission**

|  |    |
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**080603 Exhibit in Support of Section 0804 - Revenue From Transfer or Disposal of DoD Real Property and Revenue from Leasing out DoD Assets: Congressional Justification/Presentation**

|   |    |
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|---|----|

**080604 Exhibit in Support of Section 0805 - DoD Overseas Military Facility Investment Recovery Account: Program and Budget Review Submission**

|  |    |
|--|----|
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|--|----|

***Facilities Sustainment, Restoration and Modernization (SRM), and Demolition Summary***  
**(Dollars in Thousands)**

|                                       | <b>FY 20PY</b>       | <b>FY 20CY</b>         | <b>FY 20BY1</b>        | <b>FY 20BY2</b>        |
|---------------------------------------|----------------------|------------------------|------------------------|------------------------|
|                                       | <b><u>Actual</u></b> | <b><u>Estimate</u></b> | <b><u>Estimate</u></b> | <b><u>Estimate</u></b> |
| 1. <u>Funded Program</u>              |                      |                        |                        |                        |
| a. <u>Program Category</u>            |                      |                        |                        |                        |
| (1) Sustainment                       |                      |                        |                        |                        |
| (2) Restoration & Modernization       |                      |                        |                        |                        |
| (3) Demolition                        |                      |                        |                        |                        |
| Total:                                |                      |                        |                        |                        |
| b. <u>Budget Activity</u>             |                      |                        |                        |                        |
| BA                                    |                      |                        |                        |                        |
| BA                                    |                      |                        |                        |                        |
| Total:                                |                      |                        |                        |                        |
| c. <u>Staffing (in end strength)</u>  |                      |                        |                        |                        |
| Military Personnel                    |                      |                        |                        |                        |
| Civilian Personnel                    |                      |                        |                        |                        |
| 2. <u>Annual Deferred Sustainment</u> |                      |                        |                        |                        |

**Exhibit OP-28 Facilities Sustainment, Restoration and Modernization, and Demolition Summary**  
**(page 1 of 2)**

| 3. <u>Facility Type</u>                           | Funded Program<br>(Dollars in Millions) |              |               |               |
|---|---|--------------|---------------|---------------|
|   | <u>FY PY</u>                            | <u>FY CY</u> | <u>FY BY1</u> | <u>FY BY2</u> |
| <i>Operations and Training</i>                    |   |              |               |               |
| <i>Maintenance and Production</i>                 |   |              |               |               |
| <i>Research, Development, Test and Evaluation</i> |   |              |               |               |
| <i>Supply</i>                                     |   |              |               |               |
| <i>Hospital and Medical</i>                       |   |              |               |               |
| <i>Administrative</i>                             |   |              |               |               |
| <i>Family Housing</i>                             |   |              |               |               |
| <i>Unaccompanied Personnel Housing</i>            |   |              |               |               |
| <i>Community</i>                                  |   |              |               |               |
| <i>Utilities and Ground Improvements</i>          |   |              |               |               |

Total:

NOTE: Part 1. will include three sections; one by program category as specified, and one by budget activity, and one reflecting manpower. *Part 1.a. may also include an additional program category for “New Footprint Construction” to report O&M funds programming into New Footprint Construction Program Elements.* Part 3. Provide facilities sustainment, restoration and modernization by facility type as outlined in the draft DoDI 4165.3, Department of Defense Facility Classes and Construction Categories, with the exception of the Housing and Community Support class. For that class, report SRM cost by Family Housing, Unaccompanied Personnel Housing, and Community. Include Museums and Memorials with Community.

**OP-28 (page 2 of 2)**

DoD Component \_\_\_\_\_  
Appropriation: \_\_\_\_\_

FACILITY PROJECTS  
FY XXXX/FY XXXX PRESIDENT'S BUDGET  
*Sustainment, Restoration and Modernization (SRM) Projects*  
Costing more than \$ 500,000.00

| <u>State</u><br><u>a/</u> | <u>Location/Installation</u> | <u>Project Title</u><br><u>b/</u> | (\$ 000)<br><u>Cost</u> |
|---------------------------|------------------------------|-----------------------------------|-------------------------|
|                           | <u>Justification: c/</u>     |                                   |                         |

Total Sustainment Projects: d/  
Total Restoration and Modernization Projects: e/  
Total New Footprint Construction: f/  
Total Installations: g/

Grand Total:

**Exhibit OP-28P Sustainment, Restoration and Modernization- Projects Costing Over \$ 500,000**  
**(page 1 of 2)**

Notes:

a/ Prepare this exhibit by State, in alphabetical order, following the same format as the MilCon C-1 Annex.

b/ The Project Title. A short title that describes the nature of the project (example; "Repair Roof, Bldg. 15").

c/ The Justification is a short narrative that describes the nature of the project, scope of the project, and the reason it is required (example; Title - "Repair Roof, Bldg. 15", Justification - "Projects repairs 40,000 SF roof on warehouse. Repairs required to fix trusses and roof leaks. Repairs needed due to age of facility (37 years), and normal deterioration from weather and other causes").

d/ *Total Sustainment*. This is the total cost of for all sustainment projects listed in this exhibit. It includes only projects costing more than \$500,000. All totals will be listed only at the end of the exhibit.

e/ *Total Restoration and Modernization*. This column is the total of costs for all *restoration and modernization* projects listed in this exhibit. It includes only projects costing more than \$500,000. All totals will be listed only at the end of the exhibit.

f/ *Total New Footprint Construction*. This column is the total cost of all New Footprint Construction projects listed in this exhibit. It includes only projects costing more than \$500,000. All totals will be listed only at the end of the exhibit. New footprint construction should only be reported for those components that have programmed funds in New Footprint Construction Program Elements in the FYDP.

g/ *Total Installations Costs*. This column is the sum of all projects costing more than \$500,000 for the installations.

**Exhibit OP-28P (page 2 of 2)**

## **FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION, AND DEMOLITION**

Activity Group: Sustainment, Restoration and Modernization and Demolition

I. Narrative Description:

(Same as for the basic OP-5 exhibit)

II. Description of Operations Financed:

(Same as for the basic OP-5 exhibit)

III. Financial Summary (O&M □ thousands):

A. Subactivity Breakout (Same column headings as the basic OP-5 exhibit)

Total

B. OP-32 Line items as applicable

(Same as for the basic OP-5 exhibit)

C. Reconciliation of Increases and Decreases

(Same as for the basic OP-5 exhibit)

IV. Performance Criteria and Evaluation:

A. Sustainment

B. Restoration and Modernization

C. Demolition Program

**OP-5 (Part 2) Attachment 4: Facilities Sustainment, Restoration and Modernization, and Demolition  
(page 1 of 2)**

## **FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION, AND DEMOLITION**

- V. Personnel Summary:  
(Same as for basic OP-5 exhibit)
- VI. Outyear Data:  
(Same as for basic OP-5 exhibit)

### **ADDITIONAL INSTRUCTIONS**

This schedule is for all *facilities sustainment, restoration and modernization, and demolition* funding. Additional performance criteria and workload indicators may be included for any functional category. Components may include *an additional "Performance Criteria and Evaluation" functional category (Part IV) for "New Footprint Construction" to report O&M funds programming in New Footprint Construction Program Elements*. Include direct Operations and Maintenance (O&M) costs, contractual costs of *facilities sustainment, restoration, and modernization* projects, including planning and design contracts supporting O&M funded projects, and direct personnel costs (exclude amounts funded from Military Personnel appropriations)

**Attachment 4 to OP-5 (part 2) (page 2 of 2)**

**DEPARTMENT OF \_\_\_\_\_**  
**REVENUE FROM LEASING OUT OF DEPARTMENT OF DEFENSE ASSETS**  
**FY 1995 PRESIDENT'S BUDGET**

|  | <b><u>(Rental Amount Received in \$ Thousands)</u></b> |                     |                     |
|--|--|---------------------|---------------------|
|  | <b><u>FY PY</u></b>                                    | <b><u>FY CY</u></b> | <b><u>FY BY</u></b> |
| 1. Lease   | \$XX,XXX   | \$XX,XXX            | \$XX,XXX            |
| (a) <u>Explanation of Lease</u>  |  |                     |                     |
| (b) <u>Explanation of Anticipated Expenditures Resulting from Rentals by Fiscal Year</u> |  |                     |                     |
| (c) <u>Actual Use of Revenue Generated from Rentals in Prior Year</u>                    |  |                     |                     |
| (d) <u>Explanation of Amendments Made to Existing Leases</u>                             |  |                     |                     |
| <u>Total Department of _____</u>   | \$XX,XXX   | \$XX,XXX            | \$XX,XXX            |

**Instructions:** Each revenue-generating lease should be listed above with an estimate of rental amount to be received in each fiscal year in thousands of dollars. For **Explanation of Lease**, include the name of the location, state, and a brief description/purpose of the lease. For **Explanation of Anticipated Expenditures Resulting from Rentals**, a description of anticipated uses for revenues collected is required. Include different explanations by fiscal year, if the purpose is anticipated to differ. For **Actual Use of Revenue Generated from Rentals in Prior Year**, this entry would be negative for FY 1992 since FY 1993 is the first year of entry. For **Explanation of Amendments Made to Existing Leases**, include a description of any changes made to leases in prior years, or as an update to a present or future year lease described during the past submission.

**(NOTE:        The same exhibit would also be prepared for Revenue from Transfer or Disposal of DoD Real Property)**

**Exhibit PB-34 Revenue from Leasing Out of Department of Defense Assets**



**DEPARTMENT OF \_\_\_\_\_**  
**OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT**

|  | <b>(Dollars in Thousands)</b> |                     |
|--|-------------------------------|---------------------|
| <b>PART A: REAL PROPERTY ASSETS DISPOSED</b>   | <b><u>FY PY-1</u></b>         | <b><u>FY PY</u></b> |
| <u>Host nation providing consideration/payment</u>   |                               |                     |
| 1. Description of facility, location, and amount received:   | \$XX,XXX                      |                     |
| (a) Total amount of the investment<br>(cost plus improvements) in the facility:                          | \$XX,XXX                      |                     |
| (b) Depreciated value of facility (facility cost (a)<br>adjusted for inflation and depreciation):        | \$XX,XXX                      |                     |
| (c) Explanation of any difference between amount<br>received from host nation and the depreciated value: |                               |                     |
| Total payments by host nation:   | \$XX,XXX                      | \$XX,XXX            |
| Total payments by all host nations:  | \$XX,XXX                      | \$XX,XXX            |

**PART B: PROPOSED *FACILITIES SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM)* OR ENVIRONMENTAL  
RESTORATION/COMPLIANCE PROJECTS AT MILITARY INSTALLATIONS PROPOSED TO BE FUNDED FROM PROCEEDS:**

| <u>State</u> | <u>Installation</u> | <u>Project Title</u>                 | Cost<br>(Dollars in Thousands) |                     |
|--------------|---------------------|--------------------------------------|--------------------------------|---------------------|
|              |                     |                                      | <b><u>FY CY</u></b>            | <b><u>FY BY</u></b> |
|              |                     | ( <u>Description/Justification</u> ) | \$XX,XXX                       | \$XX,XXX            |

**Exhibit OP-29 Overseas Military Facility Investment Recovery Account**